United Nations DP/2000/40

Executive Board of the
United Nations Development
Programme and of the
United Nations Population Fund

Distr.: General
1 August 2000

Original: English

Third regular session 2000
25-29 September 2000, New York
Item 9 of the provisional agenda
Country cooperation frameworks and related matters

Assistance to East Timor

Note by the Administrator

Summary

In seeking the authorization of the Executive Board to approve projects on a case-by-case basis for the period 2000-2002, the Administrator provides the background against which UNDP assistance will be provided to East Timor. The objectives of the three major areas of intervention — rehabilitation of the infrastructure, governance and the promotion of sustainable livelihoods — are described in detail, each with an indication of expected results. Information is also given on cross-cutting themes. In addition, the report provides an overview of programme management and the financial framework.

00-58766 (E) 110900

Contents

		Paragraphs	Page
I.	Introduction	1–8	3
	A. Background	1–4	3
	B. Development situation in East Timor	5–8	3
II.	UNDP assistance: programme areas and expected results	9–34	4
	A. Immediate rehabilitation of the infrastructure	12–15	4
	B. Governance	16–27	5
	C. Promotion of sustainable livelihoods	28–32	6
	D. Cross-cutting themes	33–34	6
III.	Programme management	35–40	7
IV.	Financial framework	41–42	7
V.	Executive Board action	43	7

I. Introduction

A. Background

1. In its resolution 1272 of 25 October 1999, the Security Council established the United Nations Transitional Administration in East Timor (UNTAET), providing it with overall responsibility for the administration of the territory until its independence, now envisaged to be in the latter part of 2001. Recognizing the need to lay the foundation for self-government, UNTAET, in close collaboration with the East Timorese leadership, established the Transitional Cabinet in July 2000. During the transition to independence, key preparations necessary for self-government entail capacity-building, establishing the conditions for sustainable development, setting up an effective administration, and coordinating development assistance.

2. In its decision 2000/2, the Executive Board approved the allocation of $5 million from the target for resource allocation from the core (TRAC) to meet immediate needs for assistance for the period 1999-2000 and the authority to make future allocations according to the formula applied to other programme countries. In its decision 2000/10, the Board took note of the report on earmarkings for TRAC for 2001-2003 (DP/2000/17), i.e., $4,911,000 for the period 2001-2003.

3. The approval of the Executive Board is being sought to authorize the Administrator to approve projects for the period 2000-2002 on a case-by-case basis. The objectives and expected results of the activities proposed during this transition period are described in chapter II while management arrangements are set out in chapter III.

4. It is expected that the Government of an independent East Timor will submit the first country cooperation framework to the Executive Board in late 2002 or early 2003.

B. Development situation in East Timor

5. The violence that followed the 30 August 1999 popular consultation on the future status of East Timor resulted in the displacement of more than 75 per cent of the entire population, estimated at 800,000. In addition, practically all senior and middle-level managerial, administrative, and professional personnel, most of whom were Indonesian, left East Timor. Most public buildings — including public records — were destroyed or severely damaged and virtually all public services collapsed. Most private businesses were also destroyed or damaged and many of their owners fled the country, leading to a near complete collapse of the economy.

6. There is an acute shortage of qualified, experienced personnel in both the public and private sectors. Many well-qualified East Timorese remain in exile and have so far been slow to return. Some 120,000 East Timorese continue to live in refugee camps in West Timor.

7. Consequently, to enable East Timor to embark on a path of sustainable development, the immediate challenge is to rebuild what existed before — and at the same time tackle the problems of a newly independent country — in the face of the severely diminished level of social capital and institutional vacuum.

8. In November 1999, UNDP participated in a World Bank-led assessment mission to East Timor to assess the critical post-emergency reconstruction and development needs of the country. The mission found that, among other areas, governance and capacity-building would require acute attention by the international community in the preparation for a successful transition to independence. The international community has responded favourably to this and other subsequent needs-assessment missions and has allocated significant amounts to UNTAET and the World Bank Trust Fund. The UNTAET Trust Fund is mainly responsible for covering the operational costs of running the public administration of East Timor while the World Bank Trust Fund covers development needs in the areas of education, health, economic and fiscal management, infrastructure, agriculture and community empowerment. The United Nations development agencies have established sizeable programmes funded partly through their core resources and partly through earmarked donor contributions under various modalities. Finally, donors have established their own bilateral programmes.

II. UNDP assistance: programme areas and expected results

9. UNDP has developed an important, prominent niche in three key areas:

(a) *Immediate rehabilitation of the infrastructure*: emanating from the Consolidated Inter-agency Appeal (CAP) of October 1999 and intended to facilitate the transition from humanitarian emergency to sustainable development;

(b) *Governance*: support to UNTAET in preparing East Timor for independence by helping to define needs and build capacity for the principal institutions for good governance;

(c) *Promotion of sustainable livelihoods*: UNDP support will complement ongoing and planned activities being pursued by a number of other development partners.

10. These strategic areas will be integrated into the ongoing preparation the common country assessment (CCA) leading to the United Nations Development Assistance Framework (UNDAF). Under the overall direction and guidance of the Development Coordinator, UNDP will contribute to developing a coherent synergistic approach to development, ensuring better coordination and greater impact.

11. The programme areas are described below, with an indication of the results expected in each area.

A. Immediate rehabilitation of the infrastructure

12. One of the foremost challenges facing East Timor in the short- to medium-term is the rehabilitation of physical infrastructure in support of longer-term socio-economic growth. At the specific request of UNTAET, UNDP has, since the establishment of its presence in October 1999, played a pivotal role in coordination, resource mobilization and project implementation in this area. This is attributed to the demonstrated capacity of UNDP to respond expeditiously to articulated needs, thereby facilitating the transition from humanitarian emergency to sustainable development. The rehabilitation of infrastructure not only addresses the immediate concerns of the population but also provides a solid foundation for other development activities, including the other two main components of the UNDP programme. As East Timor moves towards development in the medium to long term, UNDP activities in the infrastructure rehabilitation will gradually be phased out. The main activities include:

(a) Reliable and adequate water and sanitation systems in Dili and other districts to enable a sizeable part of the population to have access to safe water and sanitation;

(b) Rehabilitation of components of the arterial road network, which will improve the distribution of humanitarian and other supplies and boost economic recovery;

(c) Rehabilitation of irrigation systems, which will further increase agricultural productivity and enhance food security;

(d) Rehabilitation of key parts of the Dili port;

(e) Rehabilitation of power stations and distribution networks in selected areas and the establishment of the East Timor Power Authority.

13. Every effort is being made to build appropriate training and other human resource development activities into all the above projects to ensure the efficient and sustainable operation of facilities in the longer term. Environmental concerns will be addressed as an integral part of project implementation. The participation of women will be encouraged both at the management and implementation levels. All activities will be fully coordinated with the complementary infrastructure programmes of other donors, notably the Asian Development Bank, through an inter-agency coordination group on infrastructure.

14. The above programme is financed largely from non-core resources.

Expected results

15. The expected results in this area are:

(a) Output capacity maintained at Komoro Power Station in Dili and up to 17 smaller power stations restored in the rural areas, with resultant access to a steady power source by the relevant communities and prospective business clients;

(b) Operational and safety standards restored through the repair of navigation aids and fender systems at Dili Port;

(c) Arterial road networks in several districts restored, enabling the distribution of humanitarian and other supplies, as well as the enhancement of economic recovery;

(d) Irrigation systems restored and food security strengthened at both the household and community level. An increased level of agricultural activity is also expected;

(e) Improved access for the community in Dili and other districts to safe water and sanitation.

B. Governance

16. The establishment of appropriate government institutions is a fundamental precondition for a successful transition to independence and sustainable development in East Timor. Given the extent of the destruction in September 1999, the departure of the Indonesian administration and the dearth of qualified East Timorese human resources, this task will entail the establishment of all organs of democratic government, including the public administration, the strengthening of the capacity of available human resources, and the physical reconstruction and refurbishing of public buildings.

17. Within the overall framework of the priorities and strategies of the Transitional Administration, UNDP envisages that it will provide technical cooperation in the following four areas: (a) public administration; (b) judiciary; (c) civil-society building; and (d) if requested by the Transitional Administration, electoral assistance. UNDP will organize in-depth discussions with the Transitional Administration to determine the precise nature and scope of UNDP interventions in each of the areas. It is envisaged that more than 70 per cent of core UNDP financial resources will be committed to the governance programme.

18. The Transitional Administration is in the process of establishing viable, sustainable government institutions in East Timor, significant outside financial and technical support will, however, be required for the foreseeable future. In this regard, comprehensive programmes/projects in the areas of public administration and judiciary have already been formulated and UNDP has been requested to assume the leadership role in governance and overall capacity-building for East Timor.

Public administration

19. UNDP activities here will include:

(a) Support to the transition, which will focus on the design of the broader structures of governmental institutions and the new public administration system and capacity building for the East Timorese leadership;

(b) Institutional development for public administration, which will cover institution-building for national and local public administration, support to national and local development planning and coordination as well as the renovation and re-equipment of public buildings;

(c) Human resources development, which will focus on human resources strategy, recruitment and management, support to the East Timorese Civil Service Academy and the development of a Transfer of Knowledge through Expatriate Nationals (TOKTEN) programme. Greater use of the United Nations Volunteers (UNV) programme, with its pool of professional expertise, will be a key player in this area, including its collaboration in managing TOKTEN;

(d) Public accountability and transparency, which will establish systems to ensure accountability and transparency in the public service and reconstitute the national archives;

(e) Promotion of public-private sector synergies, which will support the outsourcing of public administration support services to stimulate the development of small and medium enterprises.

Support to the judiciary

20. UNDP has provided capacity-building assistance in the form of study tours and training to a number of East Timorese judges and prosecutors. At the request of the Transitional Administration, UNDP will continue to support the strengthening of the judicial system in East Timor and capacity-building for East Timorese legal personnel, thus contributing to the rule of law.

Civil society

21. In close partnership with the National NGO Forum, UNDP will continue to provide capacity-building assistance to the local NGOs in the areas of planning, management, project formulation and implementation. In view of the forthcoming elections,

it is also envisaged that non-governmental organizations (NGOs) will be used as key agents for supporting civil and voter education.

Expected results

22. **Supporting the transition**. Substantive capacities of the national leadership will have advanced in policy formulation, drafting of legislation, development planning, thematic/sectoral analysis; elaboration of base-line studies/analyses/plans to promote poverty-eradication policies and gender-balanced sustainable development.

23. **Institutional development for public administration**. Key structures, policies and procedures will have been elaborated; central and local-level planning and coordination structures will be in place; and a significant number of public buildings will have been renovated and re-equipped.

24. **Human resource development**. The necessary regulatory framework with appropriate structures, policies and procedures will have been adopted; the Civil Service Academy will be fully developed.

25. **Public accountability and transparency**. The Office of Auditor-General, with trained national staff, will have been established; the national record management system will have been restored, facilitating government operations.

26. **Judiciary**. At least three courts will be fully operational; the capacity of legal personnel will have been improved substantially.

27. **Civil society**. The NGO Forum will be fully operational; 60 local NGOs will have improved their capacity in management and planning areas; synergies between the public and private sectors will have improved.

C. Promotion of sustainable livelihoods

28. The promotion of sustainable livelihoods is a key component of UNDP support to poverty alleviation. A start has been made with short-term projects in vocational training, agricultural development and community employment. A number of donors have already initiated large programmes to support community rehabilitation and development, primarily in rural areas. In this regard, it is expected that UNDP support will be designed so as to complement ongoing and planned initiatives such as the World Bank's community-empowerment programme and small-business loan scheme.

29. Specifically, it is envisaged that UNDP will focus on the following four areas: (a) employment generation; (b) small enterprise development; (c) agricultural development and food security; and (d) micro-enterprise schemes in urban and rural areas. In addition, at the request of the Transitional Administration, UNDP plans to contribute to improving the main market in Dili. These projects will benefit significantly from the infrastructure-rehabilitation projects, particularly projects to improve the road, irrigation and water-supply system.

30. Women are expected to represent the majority of the beneficiary group in most of the sustainable livelihoods activities.

31. Overall some 20 per cent of available core resources will be earmarked for the sustainable livelihoods programme, which is also expected to attract outside funding.

Expected results

32. An increasing number of East Timorese will have been provided with skills that will assist them to find gainful employment or start small businesses. Agricultural productivity will have been improved as a result of increased access to markets and trained personnel. Local NGOs will have benefited further from increased partnership opportunities in the implementation of sustainable livelihoods projects.

D. Cross-cutting themes

33. In the area of environment, UNDP will work with the National Planning and Environment Unit in assessing and prioritizing environmental needs as well as developing environmental guidelines, policies and structure. Other cross-cutting issues, such as gender, HIV/AIDS, and human rights will be mainstreamed into UNDP projects.

Expected results

34. The results of environmental needs assessments will have determined priority areas leading to the formulation and implementation of a number of priority projects. Initiatives for gender, HIV/AIDS and

human rights mainstreaming will have been undertaken.

III. Programme management

35. Since the establishment of the country office in Dili in November 1999, the institutional capacity of the office has continued to develop. All core international staff and most of the core national staff have now taken up their posts and the necessary equipment and other support facilities have been installed. Additional staffing requirements are being met, including the placement of several UNV volunteers.

36. However, with a rapidly growing programme, the country office is in great need of additional human resources. This need is felt more acutely since the counterpart and civil society organizations are relatively weak, thus requiring the country office to rely on direct execution as the principal modality in implementing UNDP programmes and projects. In view of the fact that UNDP has not charged administrative fees for any of the direct execution projects and in order to adopt a more rational and cost-effective approach to supporting the programmes, a project document for programme logistical support has been designed to ensure that UNDP programmes and projects receive expeditious and timely support to contribute effectively to the transition of East Timor to full independence.

37. The country office has established steering committees for each project with representatives from UNTAET, the National Council of Timorese Resistance (CNRT) and other key partners.

38. In terms of addressing capacity-building and human resource development needs, UNV, which has already provided hundreds of professional staff in areas of reconstruction and public administration through the Transitional Administration, will be further called upon to complement on-going training and human resource needs.

39. Partnerships with other United Nations organizations will continue to be consolidated and coordinated through the CCA/UNDAF process and identification of joint programming areas. HIV/AIDS, gender, technical cooperation among developing countries, human rights, and NGO capacity-building are some of the areas where United Nations specialized agencies, funds and programmes will work closely together.

40. UNDP shares common premises with all the other United Nations organizations in East Timor, except for UNHCR.

IV. Financial framework

41. Initial UNDP support was financed through TRAC line 1.3 and third-party cost-sharing contributions.

42. It is expected that significant amounts of cost-sharing contributions will become available during the first programming period. So far, a total of $34.5 million has been confirmed by seven donor countries in the areas of governance, infrastructure rehabilitation and sustainable livelihoods. Overall, it is expected that another $20 million can be raised externally under various modalities. Consultations are being actively pursued with donors who have made expressions of interests on various components of the UNDP programme.

V. Executive Board action

43. The Executive Board may wish to:

Authorize the Administrator to approve projects for East Timor on a case-by-case basis for the period 2000-2002.